

COMMITTEE ON COMMUNITY IMPROVEMENT

December 11, 2001

7:00 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Aldermen O'Neil, Wihby, Cashin, Lopez

Messrs: Alderman Gatsas, R. MacKenzie, T. Lolicata, R. Ludwig, J. Wood,
T. Musgrave, J. Taylor, K. Sheppard, K. Clougherty, J. Michelsen,
K. Edwards

Chairman O'Neil stated if the Committee would allow me I would like to take Item 16 first.

Communication from John Rist, Manchester School of Technology, providing additional information relative to a previous request to purchase an additional vehicle and transfer "G" plates.

Dr. Rist from the School of Technology is here. We did approve at the last meeting some plates for the school. There was a little bit of confusion on our part and Dr. Rist offered to come in to answer any questions that the Committee may have with regards to the plates. Hopefully you have a copy of his letter.

On motion of Alderman Lopez, duly seconded by Alderman Cashin, it was voted to receive and file.

Chairman O'Neil addressed Item 3 of the agenda:

Resolution and budget authorizations authorizing acceptance and expenditure of funds in the amount of \$150,000 by decreasing 2000 CIP 650300 Hackett Hill Development by \$150,000 (Other) and increasing 2001 CIP 511601 Parks Capital Improvement Project \$150,000 (Other).

Alderman Wihby moved to approve the resolution and budget authorization. Alderman Cashin duly seconded the motion.

Chairman O'Neil asked, Bob, this was all planned as part of the budget process correct.

Mr. MacKenzie answered there were a couple of projects that the Board wanted to do and we found some money to do them. At this point it is to carry out what the Board approved in the budget process in May.

Alderman Lopez stated just to follow-up, it has nothing to do with the \$150,000 we had put aside for the grant that they were trying to get for Derryfield.

Mr. MacKenzie replied I did just review that with Sam and determined that it was the money...there were two projects. There was finishing the Webster School site and Derryfield Park so this money was earmarked in the Park Improvement Program towards Derryfield Park.

Alderman Lopez asked so we don't have another \$150,000 for Ward 2 that wanted the money for Derryfield.

Mr. MacKenzie answered that is correct. This is the money to carry out what the Board acted upon previously.

Alderman Gatsas asked Mr. MacKenzie can you be a little bit clearer on that. Are you saying that the \$150,000 that was allocated for Derryfield Park is no longer available?

Mr. MacKenzie answered it was approved by the Board to transfer the money and this is the action to transfer the money from Hackett Hill into the Park Improvement Program for Derryfield Park.

Chairman O'Neil stated this is the \$150,000 from what I understand.

Alderman Gatsas asked so this is the \$150,000. Is that what you are saying?

Mr. MacKenzie answered that is correct.

Chairman O'Neil called for a vote. There being none opposed, the motion carried.

Chairman O'Neil addressed Item 4 of the agenda:

Resolution and budget authorizations authorizing acceptance and expenditure of funds in the amount of \$16,000 for FY2002 CIP 410402 – MHRA Community Policing Program (federal dollars from the US Department of Housing and Urban Development).

On motion of Alderman Wihby duly seconded by Alderman Cashin, it was voted to approve the resolution and budget authorization.

Chairman O'Neil addressed Item 5 of the agenda:

Resolution and budget authorization authorizing acceptance and expenditure of funds in the amount of \$20,000 from Tarrytown Real Estate Holdings, Inc. for FY2002 CIP 713802 Webster/Beech Traffic Improvement Project.

On motion of Alderman Wihby duly seconded by Alderman Lopez it was voted to approve the resolution and budget authorization.

Chairman O'Neil addressed Item 6 of the agenda:

Resolution and budget authorization authorizing acceptance and expenditure of funds in the amount of \$10,000 from private developers for FY2002 CIP 811102 Wetland Inventory Evaluation Project.

On motion of Alderman Cashin, duly seconded by Alderman Wihby it was voted to approve the resolution and budget authorization.

Chairman O'Neil addressed Item 7 of the agenda:

CIP Budget Authorizations:

2001 711001 Public Works Infrastructure Improvements Program
- Revision #1
2001 750001 Infrastructure ADA Access Improvements

On motion of Alderman Cashin, duly seconded by Alderman Lopez it was voted to approve the resolution and budget authorization.

Chairman O'Neil addressed Item 8 of the agenda:

Communication from the Director of Planning requesting project extensions (as enclosed herein) until June 30, 2002.

Alderman Wihby moved to approve the request. Alderman Cashin duly seconded the motion.

Alderman Lopez asked, Mr. MacKenzie, what are some of the reasons why we keep extending these projects. Could you explain that?

Mr. MacKenzie answered generally speaking some of the projects here have become much more complex and whereas maybe 20 years ago you could accomplish them within 12 months, frequently now there is a lot more red tape we have to go through. We have to get permits ourselves, sometimes State permits. Sometimes a project just takes time to get done so projects such as the B&M Railroad...actually we are proposing to finish that particular project up. The School Capital Improvement Program, the Highway Department goes through and tries to use up most of the money but typically there is a small amount that is carried over to finish up other projects. We do try to review each of the projects to see if there is a reason why they are behind. Typically it is because either there is too much work to do or there is a lot more red tape that we have to go through.

Alderman Lopez asked it has nothing to do with your staff then.

Mr. MacKenzie answered no I don't believe so.

Chairman O'Neil called for a vote on the motion. There being none opposed, the motion carried.

Chairman O'Neil addressed Item 9 of the agenda:

Discussion of reduction and/or elimination of CIP projects relative to the contingency fund transfers to cover anticipated shortages in the Welfare budget as follow:

2002	411102	Hazard Tree Removal (Partial)	\$ 15,000
2002	810702	Community Development Initiatives (Partial)	5,000
2002	711402	Traffic Signal Reconstruction	55,000
2002	711002	Chronic Drains	55,000
2002	810001	Valley Cemetery Master Plan	15,000
2002	510902	Livingston Park Pool & Bathhouse	<u>5,000</u>
			\$150,000

Chairman O'Neil stated I would like to ask the departments to address these items so that we know what is going on. I would ask Tom Lolicata to come forward first.

Mr. Lolicata stated basically this \$55,000 was earmarked for the signalization and upgrading of Conant and Main Streets. I believe the rest of our CIP was left alone. This is the only one that got hit out of all of them for this year.

Chairman O'Neil asked no work will get done or you just won't be able to finish it.

Mr. Lolicata answered nothing will get done. Right now it is in design at the Highway Department and from what I understand we are working with Parks & Recreation. It has to do with the sidewalk job over there as far as our loops are concerned. I wish this could be considered next year because it is a project that should be looked at. They are very old lights over there.

Alderman Wihby asked did they go over this when they made these cuts to see if this is what you would pick.

Mr. Lolicata answered he had discussions with Jim Hoben. Most of our CIP money was already spent and this is the one that they both concluded on.

Alderman Wihby asked is there another item that you would have cut other than this.

Mr. Lolicata answered not really because between the LED's and the controllers, this is probably one of the best ones to cut for now.

Chairman O'Neil asked was this the only intersection you were going to do.

Mr. Lolicata answered yes.

Alderman Wihby asked do we know if it is going to be funded the following year. Was that the Mayor's plan?

Chairman O'Neil replied I can't answer that. I would hope so.

Mr. MacKenzie stated this was put together fairly quickly. We had roughly 48 hours to turn it around. At the very last minute we were advised that the money should come out of 2002 projects. We had identified some older projects that potentially money could come out of. As you will notice, all of these are 2002 projects. That was a function of being able to transfer money within an existing operating year to meet the budget crisis. On the traffic signal reconstruction, we will be suggesting that perhaps the Traffic Department proceed with the bids on this project because there are two older signal projects that it looks like will have balances on the order of \$38,000. If the bids came in good on this particular project and the Committee concurred with the ability to use those older funds, perhaps the project could get done this year.

Chairman O'Neil asked, Tom, are you going to bid this or do it in-house.

Mr. Lolicata answered we were planning to bid because of what is going on but we could do it in-house. Right now, Jim is looking at in-house if possible to save a few dollars. It is the equipment that costs the money.

Chairman O'Neil asked so whether you do it in-house or contract it out it...

Mr. Lolicata answered it is the actual cost of the mast arms and controllers, etc. That is the most expensive part.

Alderman Cashin asked, Tom, who recommended to cut this out. Did you?

Mr. Lolicata answered no actually it was Jim Hoben talking with Mr. MacKenzie. The other CIP projects were already underway.

Alderman Cashin asked you realize this is West High School right.

Mr. MacKenzie answered yes. We were requested to do what we could to cut a sizable chunk of money. Most of the 2002 projects had already been committed by contract and these were some of the few that were perhaps available. It was not something that I preferred to do.

Chairman O'Neil asked if you were given some time and we didn't go forward on any of these in the next month or two might you be able to find \$150,000.

Mr. MacKenzie answered the \$150,000 came out to us the day of the Aldermanic meeting so we had to scramble. We thought it was going to be a lower number and we had to scramble to accomplish that. Again, the traffic signal reconstruction...we believe if the bids come in fairly good that with your help we can find a way to perhaps do it this year.

Alderman Wihby asked are most of these for accounting purposes like we are going to take \$150,000 out of the 2002 budget but we are going to be able to find balances to take care of most of these.

Mr. MacKenzie answered I would say most of them. Perhaps not the chronic drains and I would like Kevin Sheppard if he is here to talk about that particular project a little bit more. I don't see how we will find \$150,000 but we may be able to take care of some of these projects.

Alderman Wihby asked and the other you think you will be able to take care of with balances.

Mr. MacKenzie answered I think we will be able to accomplish them. I don't know if we will get the full money but we will be able to accomplish them.

Alderman Lopez asked are we also saying that he can continue moving forward with this signalization at this time.

Mr. MacKenzie answered I would like to have one more conversation with them to see if they believe the price tag may approach \$40,000. If so, I would advise that they proceed with the bidding process and then we will come back to the Committee and try to make it happen.

Chairman O'Neil stated I would like to see some discussion as well regarding how much money they could save if they decide to take it as a project in-house. I understand that the equipment is the equipment but they might be able to save some labor costs by doing it.

Mr. Sheppard stated Bob MacKenzie gave us a call before these cuts were made and Bob and I reviewed all of the cash projects that were on our books. We looked at chronic drains as being one that if we had to cut we could. There are balances left over from previous years. We haven't had the chance to spend the money because of our street reconstruction work and other work going on. We are going to be coming to this Committee with some recommendations about chronic drains probably in the next month but this balance is to perform that work before we get into the next budget year. We discussed with Bob that in the next budget year we might be asking for additional cash for chronic drains but we have enough to get through this year. This money would not be needed this year.

Chairman O'Neil asked so you are saying that you wouldn't spend this money this fiscal year.

Mr. Sheppard answered probably not.

Alderman Wihby asked so, Mr. MacKenzie, hearing what Kevin said all of these projects would still be able to get done.

Mr. MacKenzie answered again we need a little bit more time to make sure but I think that the hazard tree removal will proceed, the traffic signal we would hope, the Livingston Park, pool and bathhouse I am sure would proceed and we were trying to find a way to do the Valley Cemetery Master Plan.

Chairman O'Neil stated I would like to see a plan before we approve anything and get to the end of the year and are in trouble because we committed to these projects. That was my question earlier. If we gave you some time with the intent

of moving forward do you think you could come back with...well at this point we are looking at \$95,000 if the Deputy Director is saying that they wouldn't get to the chronic drain problems in this fiscal year anyway. We are looking at at least \$95,000. That is reasonable, I think. Does that sound like a fair approach?

Mr. MacKenzie replied yes.

Chairman O'Neil stated that would be my recommendation. Let's hear from the departments to see where they are at but let's give it a month or so to give the Planning staff a chance to work with the departments on some of these other balances and maybe we can get all of these projects done with the exception of the chronic drains. Kevin, are you comfortable with that?

Mr. Sheppard replied yes we are. Like I said we have been busy with other work so we haven't had a chance to do some of this. We are preparing something to come before this Committee to approve some projects but there are balances to cover that work.

Alderman Wihby stated I guess it is important that at the next meeting the discussion is going to come up with what the Mayor did to cut the budget in order to make up the difference so we probably should take some sort of a vote that we agree with this and we are going to look for balances so we can at least let the Board know because this could be one of the items that they come up with at the next meeting to say where is the \$150,000 and what did the Committee and the departments say.

Deputy Clerk Johnson stated I would just note to the Committee that the physical action of the Board was actually to transfer the \$150,000. That has technically been done although there is a notice for reconsideration on the floor so it will come back to the Board but if that notice for reconsideration fails then the money has been removed from CIP and you need to balance your CIP to go along with that with an amending resolution otherwise you have more cash out there that is being spent.

Alderman Wihby stated there is a potential that it comes up at the next meeting and someone is going to ask where is the \$150,000 and what did the departments and Committee say.

Chairman O'Neil replied I think at this point we have no option but to do along with this as it is presented but if in a month the staff can come up with some recommendations to change this, I don't think anyone will have a concern as long as we still meet the goal of the \$150,000.

Deputy Clerk Johnson stated that is fine but I think at some point you need to take a physical action on these particular projects because the CIP budget has to be amended to those projects.

Alderman Lopez stated I agree with what you said, Mr. Chairman, and if Mr. MacKenzie and his staff can look at that in the next month we can take that under consideration. I also agree with what Carol said so I move that we approve the transfer of \$150,000 to from CIP to contingency.

Alderman Wihby duly seconded the motion.

Chairman O'Neil asked Ron Ludwig to come up and talk about the Parks & Recreation projects.

Mr. Ludwig stated as you know The Friends of Valley Street Cemetery have come forward and are very interested in assisting with moving the improvements at the cemetery along and they are attempting to do some grant writing on their own and go forward with other initiatives. We are excited about it. This \$15,000 came forward at a later date as a result of us asking to put together a Master Plan that they could follow as it relates to doing specific things at the cemetery. The Planning staff has indicated that there is a good possibility that these funds could be found in the future or elsewhere. I can't really speak to that at this point but we are hopeful that it could. We could also try to do some additional fundraising to offset the loss of these funds for that particular project.

Chairman O'Neil replied my suggestion would be and not just on your projects but on any of these projects, that we don't move forward until we have found other funding, which may not be that far down the road. We have to commit the \$150,000 as Carol indicated.

Mr. Ludwig stated the hazardous tree removal initiative was a project that we actually asked for significantly more dollars to address specific areas of the City that were identified years ago through a UNH study. It identified hazardous trees throughout the City and our approach here was to over a period of three, four or five years reduce some of the liabilities. We appear to be paying many nuisance claims like branches and treetops falling on cars and we seem to pay some of these these days when we haven't in the past. The idea here was to get \$50,000 to start it this year. I call it kind of a pilot program to see if contractors could help get our two person tree crew, no pun intended, out of the woods here. Over a period of time, I think that if we identify sections of the City we can get some of these hazardous trees down and we can turn our tree crew into a maintenance crew that is doing what it is supposed to. The \$15,000 loss hurts but we will move forward with the \$35,000 as part of the pilot program.

Chairman O'Neil asked so this is the first year of the program and it would be contracted out.

Mr. Ludwig answered yes. I view this project as worthwhile and I will be asking for some more money next year in that it is a problem that goes away. If we attack it in three to five years then it is not there for a while.

Chairman O'Neil asked do you have a contract today.

Mr. Ludwig answered we do not. We have identified the section that we would like to attack. We also left a little bit of money to take down some problematic trees that are bigger than what we can handle.

Chairman O'Neil stated I would indicate that you only have \$35,000 to do that. There may be a possibility that you will get the \$15,000 back.

Mr. Ludwig stated regarding the Livingston Pool, we have brought our consultants on board. They did remove \$5,000 from this. We still have about \$50,000 left that we could move forward with. In fact, as I am speaking here tonight we are holding a public meeting to receive input from people that use Livingston Pool...the whole City for that matter. We are still okay there. We would like to have the money but we can live with it.

Chairman O'Neil asked so you are under contract for how much money right now.

Mr. Ludwig answered for about \$20,000.

Chairman O'Neil asked and the total was \$25,000.

Mr. Ludwig answered no. We had received \$75,000 from CIP and we lost \$5,000. We have a contract for \$20,000 so we have a balance of \$50,000 right now. We are okay.

Alderman Lopez asked what do you think a pool in that area is going to cost and are we talking in the Year 2002, 2003 or 2004 in your opinion.

Mr. Ludwig answered in my opinion having worked in pools for the first 10 years of my career with the City and knowing that Livingston is pretty much in the same condition as it was when I started in 1974, there are some serious issues there and mandates that could come forward from the State of New Hampshire. You asked about the cost and to be quite frank I don't think we will walk away from that project for under \$1 million or so. We will do everything with the consultant to

keep this project under control. There is no reason to over build the project over there. The bathhouse does have to be replaced and the square footage construction dollars will identify what the cost of that will be but as it relates to the pool, it will be a very down scaled version. I am not speaking for the people who were at the public meeting tonight, but in my opinion it would be a very downscaled version of what exists that could still be user friendly to all of the neighbors and people who like to use it. Some people have heard that we are building a water park and we are not. There may be some water features for small kids to use because that is really the trend today, but a nice wading pool that may or may not have 25 yards to do some lap swimming. People are talking about that at the public meeting tonight I hope with plenty of parking for the recreation and soccer fields to the rear of the pool now as well. That is one of the objectives that we would like to accomplish there.

Alderman Lopez stated just to follow-up, I know when I was a Commission that Raco-Theodore was in bad condition. Is that scheduled to be repaired?

Mr. Ludwig replied to answer that question we did some engineering work as it relates to looking at the pool at Raco-Theodore. It is falling into the same category as the Dupont pool or the Rock Rimmon pool did in that the joints are becoming very weak in some areas and the filtration system is completely broken down. We have patched it. I have pictures of the filtration system and I would be happy to share them with you. We are doing everything we can to nurse it but eventually it is going to be an issue. I can only hope that I don't have to come here and say some spring that the pool won't open. I am trying to avoid that but we are looking at considerable money there as well.

Alderman Gatsas stated, Ron, I believe that the cost to Manchester Water Works on a yearly basis because of the non-filtration system that is there and the filtration system really comes from the Reservoir and into the pond...

Mr. Ludwig interjected that is right. It is a fill and spill type of filtration system, which is no more than a spring fed dammed situation.

Alderman Gatsas asked do you know what the cost for that on a yearly basis is roughly.

Mr. Ludwig answered I really don't. They send us mock bills each year but I don't know what the cost is. It is significant.

Alderman Gatsas replied if I remember correctly it is somewhere around \$20,000.

Mr. Ludwig responded that is possible. It is a 4" pipe running 24 hours a day from June 25 until the end of August. It is huge.

Alderman Gatsas asked isn't there a way that we may be able to involve...if that is the cost of the water going through that maybe some of that \$1 million that you are talking about could be offset by the cost. It is just a thought to look into at CIP.

Chairman O'Neil stated, Ron, I know you are out for an RFP for the cemetery. Have you awarded that?

Mr. Ludwig replied no.

Chairman O'Neil asked when is that due.

Mr. Ludwig answered I am sure that we can put it on hold or not award it. I think that would be prudent.

Chairman O'Neil stated I know, Mr. Wood, that you would like to speak to the Committee briefly with regards to the cemetery project.

Mr. John Wood stated I am Chairman of The Friends of Valley Cemetery. The organization is very concerned about the conditions in the park and the Valley Cemetery is a park. Dick Duckoff and I were there a few weeks ago and as we walked into the cemetery, right in the middle of the paved road there was a big gravestone sitting there and also people from Parks & Recreation were there too and they took the stone and threw it in the back of a trailer full of leaves. The question in my mind is where is that gravestone today? The reason I am bringing this up is we are anxious to move ahead with this rather quickly because we feel that more and more the gravestones are going to places they shouldn't go and any delay in getting this going is going to make it worse. As Ron said, we are prepared to put out an RFP on this. We have already done the RFQ and we hope to do that in January. Ron Johnson and I spoke about that. These people would come in with information that we would have available to go out and start raising money. As you know, before we can raise money we have to have some target numbers. Once these people come in and do the study, we can go and get some money and when the snow is off the ground we can go in and get the gravestones fixed so they are not getting hauled off with leaves someplace.

Chairman O'Neil responded I don't want to speak for my colleagues but my hope would be that within a month or so we could identify approximately \$95,000 that we need to make up the difference here and be able to move forward with all of these projects. This was the recommendation and what the full Board of Mayor and Aldermen actually voted on last week as part of trying to get the Welfare

budget under control. We don't have any choice tonight but I think we are all optimistic that in four to six weeks the staff will be able to come back with a recommendation on some other funding sources so that we can move forward on these projects.

Mr. Wood replied I just wanted to say that we feel it is very important because of the condition of the park and things that are happening now that shouldn't be happening.

Chairman O'Neil stated we appreciate the efforts of your group and I think the Board was unanimous in its support to move forward but we got into this little box and we need to get out of it. We are working on it. Mr. MacKenzie, the last item is Community Development Initiatives. Did you want to brief the Committee on that?

Mr. MacKenzie replied sure. That is money that we utilize during the year in the Planning Department. We typically use it for grant applications and in the past we used it for the Livingston Park master plan and the Piscataquog Park master plan. When the Board asks us to do special projects, that is the account we would normally tap. We are at a point at this time of the year where we are okay and if we are funded with a similar amount next year I think we will be okay. I don't have a problem at the present time unless the Board has a number of special projects for us during the year.

Chairman O'Neil called for a vote on the motion. There being none opposed, the motion carried.

Chairman O'Neil addressed Item 10 of the agenda:

Discussion of correspondence from Lowell Terrace Associates proposing a mortgage/debt consolidation for the property on the northwest corner of Lowell and Chestnut Streets.

Alderman Wihby asked who is recommending this.

Chairman O'Neil answered I had spoken to the Finance Officer about this.

Mr. Clougherty stated to give you a little bit of history, in 1984, the building on the northeast corner of Lowell and Chestnut Street was in disrepair as the result of a fire. At that time, you had Peter Morgan and Dick Hale come forward with a proposal to rehab the building through the Housing Authority and a proposal was put in place to get that building back on the tax roles and move forward. Over time, the loan agreements have had holidays for them to pay taxes and it has come

to the point where the two different mortgage agreements are in somewhat different directions. We were approached by Lowell Terrace Associates to see if the City would be interested in revisiting their arrangement to try and get it on track and to set in place a refinancing if you will that would be in the spirit of what the original proposal was and set in place a schedule of payments moving forward. The City Solicitor, the Housing Authority, the Economic Development Office and the Finance Department met with Tom Musgrave and Peter Morgan. Tom Musgrave is the accountant for Lowell Terrace Associates. He is here tonight. They offered a proposal to remedy the current situation and move forward. The proposal has been reviewed by the staff. It is the feeling of the staff and I spoke to Tom Clark today and he agrees that the proposal that they are offering is in the spirit of the original document. Tom was around at the time. I wasn't. He feels that it is in keeping with what the original intent was as I believe Jay does. We brought it before the Committee so that some action could be taken and the Board could consider it.

Alderman Wihby stated I read this and I don't quite understand what you are trying to do. Are we trying to take the first and second mortgage and make it into one?

Mr. Clougherty replied right.

Alderman Wihby asked one first or one second.

Mr. Clougherty answered it would be one first.

Alderman Wihby asked so right now we have a first position and a second position that total how much.

Mr. Clougherty answered in 1984 the total was \$1.5 million. There was \$1.250 million that was at a 3% rate over a 20-year period and there was also a \$250,000 that was an equity portion.

Alderman Wihby asked and that is what you are calling a second mortgage.

Mr. Clougherty answered right.

Alderman Wihby asked and what percentage was that.

Mr. Clougherty answered 3%. There was a provision in the equity portion to provide at...ideally what they thought was that at the end of 20 years there would be a refinancing and you would buy out the building and there would be a balloon payment to the City and you would go forward. Now if you were to exercise the

terms of that agreement, they will walk away from the building because the building is not at the value of what the payment was.

Alderman Wihby asked have they been paying on this right along.

Mr. Clougherty answered yes but in the early 1990's there was a recommendation that because they were falling behind on taxes that there be a restructuring. That was brought forward by I believe John Snow when he was the City Coordinator. Their taxes are current now and they have been making their payments.

Alderman Wihby asked are they behind on payments.

Mr. Clougherty answered no, not to my knowledge.

Alderman Wihby asked it says here they are going to file for a revaluation or appeal their assessment. Obviously the assessment that came back was higher than the building. How can you say there is no value and they would walk away from the building if their assessment is higher than what...how much was the assessed value of the building?

Mr. Taylor stated let me try to give you the stance of where they are coming from. The new assessment on the building is \$1,359,000. If you look at the letter under paragraph 2, A and B, the current balance on the first note is \$802,803. If you add to that 50% of the \$1,350,000, which has been used as the "market value" that adds up to \$1,477,803, which they have agreed to pay back over 20 years. That already is \$100,000 in excess of the new assessed value. They are already agreeing to pay back more than the "market value" is estimated to be by the City today.

Alderman Wihby asked what is the 50% thing that you are talking about.

Mr. Taylor answered the original note said that at the end of the term they would refinance the existing mortgage and buy out the City's interest. If they were to do that under today's terms, they would be paying 7% or 8% interest and this project would be under water and they would walk away from it and we would end up owning the building and the question is how well does the City manage their own buildings and I guess the answer is not very well. In our view it is better to try to continue with the original spirit of the original loan and keep the current management and ownership in place and extend the terms of the original note, or basically a refinancing. We are going to get back more than the original two notes would have added up to over that term plus interest and we are going to continue with the existing management, which I think everyone would agree has done a pretty good job managing it thus far.

Alderman Wihby asked but we are talking something that we thought we were getting back in 20 years and making it almost 40 years. Why would we want to do that? Who checks the records to make sure that all of the money isn't put in someone's pocket? Am I going in the wrong direction here? Obviously they are making a profit off of this. Is this a rental property?

Mr. Clougherty answered this is where that quilting is on the first floor, that building on the northwest corner of Lowell and Chestnut Streets. It is primarily apartments.

Alderman Wihby asked so there are 52 units of which they are making a profit on. What are the rents going for? \$8,000 or \$9,000? They are making money on it and they could have repaid some of this during those 20 years and now they are asking for another 20?

Mr. Clougherty answered I think they are in that position today but in the late 80's and early 90's they weren't making money on that situation so they came in and asked to catch up on some taxes and the Board said that was okay and restructured one of the mortgages.

Alderman Wihby asked are you talking about now or has it been changed since then.

Mr. Clougherty answered in 1993 we had received scheduled payments leaving a balance due on the \$1,250,000 of \$967,582 but the project was delinquent on its property taxes and the parties amended a promissory note to allow the partnership 15 months to get their taxes current.

Alderman Wihby asked how much were the taxes.

Mr. Clougherty answered I am not sure.

Alderman Wihby asked so in \$967,582 and they owe \$802,000 and that was eight years ago so they only paid \$150,000 in eight years. They have not taken cash out of the project. The cash has gone into a capital reserve for improvements to the building.

Alderman Wihby asked all of the cash has gone into that.

Mr. Clougherty answered yes. I believe there is about \$250,000 in that right now.

Alderman Wihby asked so there is \$250,000 from what – rental income so nothing goes into anybody's pocket and it goes into this account.

Mr. Clougherty answered after their operations and their fees, right. That is my understanding but I would defer to the accountant for the owner to answer that.

Alderman Wihby asked if there is \$800 rent a month, that is almost \$10,000/month per unit for a year. There are 52 units so that is \$500,000 a year in rental income. So they make \$500,000 a year from 1993 until now and that is \$4 million of which they paid \$150,000 towards the debt and now they want another 20 years? Am I wrong with these calculations or what? That is a good deal. I will buy it. Try to convince me why I should vote for this, Jay?

Mr. Taylor replied what we are saying is if we enforce...the crux of the issue in my mind as we have discussed is if we enforce the original terms of this lease there would be absolutely zero reason for them to manage the building.

Alderman Wihby stated so know we have \$1.5 million valued building that we could sell to somebody for \$1 million or \$500,000. Could we give it to someone else to run and break even? Explain this. What does the loan do to us?

Mr. Taylor replied the loan would guarantee that in the long term we would get our money back whereas if you go out in the market and sell it, it doesn't guarantee that you are going to get the money back.

Alderman Wihby asked so Kevin we are going to get 3% on this loan.

Mr. Clougherty answered going forward yes.

Alderman Wihby asked what could you get if you put the money in the bank. Wouldn't we get more than 3%?

Mr. Clougherty answered right now that is not a good question. We are down under 2%.

Alderman Wihby asked what is the average, 5%.

Mr. Clougherty answered probably closer to 4.5%.

Alderman Wihby asked so financially other than taking a chance at having this back in our hands why would you suggest that we redo this.

Mr. Clougherty answered this was a proposal that was brought to us by them. We worked with them to take a look at what they are willing to advance as an idea to the Board. Certainly if the Board wants to take a look at some other consideration, then that is fine. The approach that we took in reviewing this was that the intent was to keep the building on the tax roles and that the City would not take the building and to move forward with the current owners and that is what is acceptable to them to keep this moving forward. Certainly if you want to open it up to another set of discussions...

Alderman Wihby interjected I look at this deal and it doesn't make any sense to me. I just want someone to explain why it is a good deal for the City. I know it is a good deal for the developer and the people who own it, but why would the City want to get involved for another 20 years when 10 years from now they can say we want to walk away from this building again and we will have to finance another 10 years at 3%. I don't know why we would want to do that.

Mr. Clougherty replied that is certainly the risk that you run on the proposal that is before you. If the Board wants us to take a look at what the alternative would be if we were to take the building and market it...

Alderman Wihby interjected would it come to that. Why wouldn't they just put it on the market and sell it before we took it?

Mr. Clougherty asked if the City took it.

Alderman Wihby replied they could go and sell the building right now for \$1 million and walk away from it.

Mr. Taylor responded but they still owe us money at that point. Why would they do that?

Alderman Wihby asked well how much would they owe us, \$802,000. So as long as they got \$802,000 wouldn't they just walk away and not owe anybody any money?

Mr. Clougherty answered the other thing that I don't think has been discussed here is that these are 52 units of single occupancy as I understand it, which are very scarce and difficult to find and if you were to put it on the open market and sell it to another developer who was going to try to maximize his investment, my sense is that he probably wouldn't rent it out to single room occupants. You would end up with 52 people that you would have to find someplace for them to live and do we have a place to put them? I don't know the answer to that because it is not my field but my sense is we don't.

Alderman Wihby asked what would they do, rehab it and make it multi-rooms.

Mr. Taylor answered I don't know but if somebody is going to pay \$1 million for a building they are going to take the highest and best income approach they can take for the use of that building. They are not necessarily going to keep the same people in the building that are there now.

Alderman Wihby asked are we signing this and telling them that they have to keep the same people in the building.

Mr. Taylor answered they are going to be renting the same type of units.

Alderman Wihby asked is that part of the agreement that it wouldn't change.

Mr. Taylor answered that is our understanding and again the accountant is here and he can speak to that.

Alderman Wihby asked is it true that there is something in the contract that says you can't make it into two or three bedroom apartments.

Mr. Thomas Musgrave stated I am a CPA at William Steele and Associates and I have been handling the partnership's tax filings and preparing financial statements for them since 1995 or so. Can I just go back a second to try to explain in my words the investment that the City made and the economic arrangement that I think was struck between the partnership and the City? Back in 1984 there was a fire damaged building that Dick Hale and Peter Morgan bought for \$250,000. At the time that they acquired it they had an agreement with the City to loan the partnership \$1,500,000 to rehab the building. \$250,000 of the \$1.5 million was what I would call an equity investment, very much like what Morgan and Hale put in. The other \$1,250,000 was essentially a 20-year, 3% term loan. There is one promissory note that documents the City's investment of \$1.5 million and I would say it is bifurcated between two component pieces - a \$1,250,000 term loan and a \$250,000 equity investment. Now the equity investment portion of the loan provided that the City would essentially participate in the cash flows of the partnership so to the extent that the partnership had cash flow, the City would be in a position similar to the partners. They would get 50% of the cash flow and the partners would get 50% of the cash flow. The rate of return on the \$250,000 portion of the debt was based on cash flow. In the early 1990's, the partnership and the property ran into some financial difficulty and fell behind on their property taxes. At that time, there was actually an official amendment of the note and I think it was formally approved by the Aldermanic Board. It provided for a temporary moratorium on payments, for I believe 15 months, wherein the

partnership would pay \$100/month interest on the 3% note now at the period of time it is increasing its principal balance because there were insufficient payments to cover interest. The partnership caught up on its property taxes. Immediately after the conclusion of that 15 month period, the partnership approached Bob MacKenzie, I think, and arranged for an additional period of time to establish a capital improvement reserve, which was a prudent course of action at the time because at some point the building would need some improvements and there wasn't sufficient cash to do the improvements. By letter agreement, there was an agreed period of time where the partnership would fund up to \$60,000, I believe it was, in a capital improvement reserve and at that time the partnership agreed to pay \$2,500/month towards the interest on the mortgage and as I recall that interest payment each month was exactly equal to or very, very close to the accruing interest on the 3% debt. There was no negative amortization of the loan at that time but during that 15 month period that preceded the establishment of the capital improvement reserve while we were catching up on property taxes, the obligation for the City actually escalated. I can get the number for you, but it is more than \$100,000. After the capital improvement reserve fund was fully funded, there was a period of time where the partnership did not commence making full payment on the debt again but Peter wrote a letter to the City and said that the partnership was essentially back on its feet and ready to commence full payment on the debt and entered a payment with the letter and that payment that was memorialized by a letter from Peter and I think the time frame was 1996 or 1997, is a payment that has continued to be made every month since that date. The property is producing, I think, \$250,000 of gross rents and fees. These units are single room units, efficiency units I think they call them.

Alderman Wihby asked \$250,000 a year.

Mr. Musgrave answered yes. They get \$400/month for rent I think. Of course, once the partnership commenced making payments again to the City after it established the capital improvement reserve, it has committed most, if not all, of its cash flows so the 3% amortizing debt was back in compliance at that point and clearly not going to be amortized over the initial term but it was still contemplated because the negative amortization of the debt had the effect of extending the term. The cash flows just weren't there in the partnership to reamortize that debt over the original term. When the economy improved substantially and the partnership continued to make payments at what they could afford there was cash flow and the cash flows were quantified and the partnership made a payment to the City for their 50% portion of those cash flows. Today, what the partnership is asking for is some clarity on exactly...well first of all when we came and talked to Kevin we knew that the original note and the subsequent amendment to come current with property taxes, the debt wasn't in compliance with those terms and the original 17 year repayment period wasn't going to be met based on the cash flows of the

partnership so at my encouragement I simply wanted to get some clarity on exactly what the City was expecting in terms of repayment because the equity component feature of the original debt, the \$250,000, if you read the original note could have become due in 2006 I believe, a point in time when the property would still have a balance outstanding on the \$1,250,000 and if the City's entitlement at that time was payment of half of the value of the property, which is clearly contemplated in the original agreement, the original agreement now says we are going to pay back the \$1,250,000 over 20 years. At the end of 20 years we are going to value the property and the City gets half of that value and the partners get half of that value. Because of these moratoriums on these payments, the \$1,250,000 wasn't going to get paid by the original term of the loan. That raised a lot of questions in our mind as to whether the partnership could actually afford to pay the City their 50% equity interest and whether it would be better to clarify exactly what the City was expecting given these changes and the debt instrument since it was initiated. What we proposed to do is to commit essentially all of the partnership's cash flows to the full payment of the outstanding principal on the \$1,250,000, which is \$802,803 as of January 1 and to value the property today and commit to pay the City the 50% of the value they are entitled to, fixing that value today and assigning 3% interest to that obligation as well. When we assume that the value of the property is \$1,350,000, the City's entitlement under the second equity feature of the debt is \$675,000 and the partnership is committing to pay the sum of \$675,000 over a new term of 30 years at 3% interest.

Chairman O'Neil stated in 1984 we entered into this deal, correct, so it hasn't quite been 20 years but it hasn't been a good 20 years. We are almost getting a fresh start here. It hasn't been a good deal for either party. It is almost like we are starting all over again. Is that the easiest way to summarize this?

Mr. Clougherty replied if the intent of the arrangement way back when was to have a building that was going to be paying taxes over time and meeting some of the single unit needs, over the 20 years we have had those units and they are current on their taxes today but the loan arrangements are not going to be able to be met.

Alderman Lopez asked the \$802,000, did I hear you say that you were going to pay that back and then take the 50% mortgage. What did you say about the \$802,000 that you owe us?

Mr. Musgrave answered that is the amount that the partnership still owes the City and the partnership proposes to repay that over the next 20 years at 3%.

Alderman Lopez replied following up on what Alderman O'Neil said, we are talking 18 years and we only got \$150,000 and I think Alderman Wihby said we

are going 40 years and then 10 years down the road we could be in the same boat. How much money has the owner put into that building for capital improvement? I notice that you have a reserve escrow account that you are indicating there. The last item says, "the balance of the funds held within the partnership are to be used at the discretion of the partners." I don't even know what you are talking about here. If Alderman Wihby's numbers are correct to a degree, you could pay the mortgage, the amount for escrow and the balance could be divvied up between the partners.

Mr. Musgrave asked regarding your first question, the partners have put into the partnership \$250,000 in cash. That was on day 1 to buy the fire damaged building. The City matched that \$250,000 with what I call the equity component feature of their debt. In the last 12 years or after it was initially leased up in 1987 and 1988, there was cash flows and the cash flow obligation of the equity participation feature that the City had received a payment and the partners took out a similar amount of money.

Alderman Wihby asked how much.

Mr. Musgrave answered I believe that was \$14,000 in one year and \$20,400 in another year split 50/50 between the partners and the City.

Alderman Wihby asked that is after the management fees and all the other stuff you were talking about of which they probably managed it themselves and got the fees.

Mr. Musgrave answered the promissory note provides that the management fee will not exceed 7% of the rent and there is the related party that manages the property, Peter Morgan's rental management company. Throughout the duration of the partnership, the fee paid to the rental management company has been 7% and that was agreed to in the promissory note.

Alderman Gatsas asked, Kevin, can you just give me a few simple numbers. The original note was \$1,250,000 at a rate of 3% with a 20-year amortization. What was the monthly payment?

Mr. Musgrave replied we have given the City copies of the financial statements for the last six years, I think, in the package that we sent you.

Chairman O'Neil stated can you answer Alderman Gatsas' question please.

Alderman Gatsas stated, Kevin, I think the current statement that is in there or the current statement that he made was...go ahead, do you have a number.

Mr. Musgrave replied \$7,826.69.

Alderman Gatsas asked what did I say, \$103,000 so that is about \$96,000 a year total. Correct? \$7,800 you said. Let's call it \$8,000. That is \$96,000 a year.

Mr. Musgrave answered yes.

Alderman Gatsas asked so if I were to amortize this loan over a 20-year period, at the end of 20 years the balance should be zero.

Mr. Musgrave answered correct.

Alderman Gatsas asked so if I take a look at this and I do my math, that for even if we used your 15 month moratorium on the plan then we should be out somewhere in the vicinity of 18 years and I think that if I had an amortization schedule in front of me it would leave a remaining balance of somewhere around 18% of the original indebtedness. So you couldn't have been making monthly payments for some 15 years on this property not to have a remaining balance of over almost 70% of the debt.

Mr. Musgrave replied what happened here is first that 15-month period where \$100 a month was paid had the effect of negative amortization so the obligation to the City actually grew during that period of time.

Alderman Gatsas stated by \$100,000. That was your quote.

Mr. Musgrave responded actually I would have to check. I am not sure exactly how much it increased but I would say it is pretty close to that. \$100 a month of interest for payments of \$7,800...

Alderman Gatsas interjected if you use that and say it is \$100,000 and let's forget about what the number is, you still should be closer to a zero balance than \$800,000 or 70% of the debt. I think your statement was in the beginning or during the course of your discussion with Alderman O'Neil or whoever you were giving it to was that the agreement that you had with the City was that at the end of 20 years the debt would be paid in full and the City would participate in 50% of the evaluation of the property. So, I look at it as you owe, and if there are personal guarantees on this, are there personal guarantees?

Mr. Musgrave replied yes.

Alderman Gatsas stated then I would say that somewhere in here the City is owed \$1.4 million at the end of the 20 year debt without any questions asked because we should have our \$800,000 in our pocket along with the \$675,000 in equity. That is \$1.4 million and that is pretty simple.

Mr. Musgrave replied I don't follow all of the math but...

Alderman Gatsas interjected at the end of 20 years shouldn't the City have been paid \$1,250,000.

Mr. Musgrave answered plus 3% interest.

Alderman Gatsas stated I am just saying the principle that was due back was \$1,250,000.

Mr. Musgrave responded that is correct.

Alderman Gatsas stated at the end of that 20 years, the two partners, the City plus that partnership were going to participate on a 50/50 value of the building.

Mr. Musgrave responded that is right.

Alderman Gatsas asked if we use today's calculation of \$1.3 million, the City is owed \$650,000. So at the end of 20 years we should have \$1,250,000 in hand, which we don't because \$800,000 is still outstanding, plus the \$650,000 we are owed and that is \$1.4 million. I would say if there are personal guarantees we should look at the amortization of this deal and close it and say where is our \$1.4 million.

Chairman O'Neil stated I don't think we are going to get to the bottom of this tonight.

Mr. Musgrave stated we are offering to pay the City \$1.475 million.

Alderman Gatsas replied over another 20-year period. You should be cashing us out today.

Mr. Clougherty stated I agree. If you follow the terms of the original deal as it was presented to the City and the Housing Authority, that is what happens. Now with a couple of years left on this arrangement, they have approached us and said it doesn't make sense for us to go forward with this because the building is only worth \$1.3 million.

Alderman Cashin asked, Kevin, didn't you come to us tonight recommending this.

Mr. Clougherty answered what we have recommended is if the Board wants to go ahead with the same arrangement they have had, this is what this tenant association is willing to go forward with and it has been reviewed by the Solicitor and by our office and if that is the intent, that is fine. If the Board wants to take a different path and enforce the original arrangement, then we can take a look at that.

Alderman Cashin asked, Kevin, weren't you recommending that we enter into this agreement earlier this evening.

Mr. Clougherty answered it is our recommendation to go forward with this agreement if you want to honor the original intent.

Chairman O'Neil stated this sends a heck of a message. We have been working some other deals on Elm Street. This is pretty much going to send a message of well those are good for 20 years and then come back any time and we will renegotiate.

Alderman Gatsas stated I have a question and I have a problem. The two of you aren't going to sit there and say that you are recommending this?

Mr. Taylor replied I can point out a couple of deals where...let's go back to Hanover Street if we want to talk about how things have changed where a deal was made 15 years ago and the City took a bath for a couple of million bucks. Is that a good deal? No.

Alderman Gatsas responded but I don't believe there were any personal guarantees there.

Mr. Taylor stated I don't know if there were or not. I wasn't involved in the deal.

Alderman Gatsas stated I think that it is absolutely...I know where Alderman Cashin is going and I will let him go ahead.

Alderman Cashin stated, Jay, you know the Hanover Street project just as well as I do. It was a burned out building and we couldn't find anybody to do anything with it and we didn't want to leave it that way. That is how that happened. Is that true?

Mr. Taylor replied that is the same deal as this.

Alderman Cashin responded that is not the same deal.

Mr. Taylor replied it certainly is. This was a burned out building when we started and we were looking for somebody to step up to the plate and fix it up and make a use that was a reasonable use for the building and single occupancy rooms were a need at the time. I was not involved in the original discussion. I am just going by memory now.

Alderman Cashin stated that is right you weren't involved in the original discussion and I was. Now let me tell you something. You entered into this agreement with these people and I don't even know who they are but they were defaulting on the taxes for some time and you renegotiated the loan at one time before and now you are coming back in and asking us to go another 20 years to pay us the money that we are already owed. You are telling us that that is a good deal?

Mr. Taylor responded let's back up a little bit. When you say we renegotiated the loan, don't say we pointing at me because the Board approved it. I don't know who did it and I wasn't involved it.

Alderman Cashin stated in good faith we renegotiated it at one time. Fine and now we are back doing the same thing and you say it is a good deal.

Mr. Taylor replied we are saying it is a reasonable deal under the circumstances and we are also saying if for whatever reason this Board feels that it would be better for the City to take the property and try to do something else with it, that is an alternative. That is what we are saying.

Mr. Clougherty stated I don't think anybody on the staff said this was a good deal or characterized it as a bad deal or anything in that sense, Alderman. What we have tried to do is work with the current group to try and see what they are willing to accept given the circumstances. Certainly if the City decides that it wants to take a different path...that is what Lowell Terrace Associates is looking for. Is there a willingness of the City to move forward with a restructuring based on the original agreement over time? If that is not something that the City is interested in doing but wants to take a different path and enforce the current contract, that is going to be responded to them in a certain way and we will move forward in that regard. We have an obligation when they come to us to work with them to try and see what they are willing to do and I think this is the extent of their willingness under the situation and we presented that to you.

Alderman Cashin asked, Kevin, if this was your business would you accept this.

Mr. Clougherty answered just to be clear do you mean on their side or our side.

Alderman Cashin replied you. If you were the City of Manchester and this was your business would you accept something like this.

Mr. Clougherty responded I probably wouldn't, Alderman but I will be honest. I did enter into the original terms and I understand that the City did want to accomplish some things...

Mr. Taylor interjected we might not have done the original deal if we were looking at it from that standpoint.

Alderman Wihby stated this goes back to what I asked earlier, which was give me a reason why we should do this. I think the response probably should have been well we wouldn't do this right now, we would probably do something different but if you want to continue...I was trying to have you two convince me why I should do this because I thought my thinking was wrong and now I think my thinking was more clearer and you were trying to say well we wouldn't really get into this but if you want to continue doing it that is fine.

Mr. Clougherty stated I think the Board...we have to make a point up front that is very clear. I think for whatever reason the original deal is not working out the way it had and certainly if we are not willing to do something they are probably going to walk away here. As long as the Board is okay with that, that is fine.

Alderman Cashin asked so we pick up a building that is worth \$1.3 million.

Mr. Clougherty answered that is the assessed value.

Alderman Cashin stated so we sell it for \$1 million.

Alderman Gatsas stated there are a lot of personal guarantees in there. I don't think anybody is walking anywhere.

Alderman Wihby asked, Kevin, don't they already have \$250,000 in cash you said. They will take that with them. Why wouldn't they take that with them for fixing up the property? If they sell the property they will get the \$250,000 plus whatever they make on the property. How are they going to walk away?

Mr. Clougherty answered before we start negotiating that here, I would really like to have Tom Arnold participate in that.

Alderman Gatsas asked can we have a copy of the old agreements.

Mr. Clougherty answered yes and I would really like before we go too far down that path to...if that is the inclination of the Board that they don't find this acceptable and they want to take a look at a different path to have it referred and we could perhaps deal with that in executive session.

Alderman Lopez stated I am going to make this motion because I believe that the City officers are responsible to the Board and I know they know that and hearing some of the conversation and making a recommendation and then listening to Alderman Gatsas and them agreeing with the numbers of what we should be paid and everything else, I think there is something wrong with this whole thing. I, therefore, am making a motion to deny this request.

Alderman Wihby duly seconded the motion.

Alderman Gatsas asked would it be appropriate for your Committee to recommend that by Tuesday the Finance Officer and the Economic Development Officer come back with a recommendation to the full Board on whether this loan is in default and what the legal obligations are.

Alderman Lopez stated I could add to the motion that the original agreement be complied with and they report to the Board as to whether or not that agreement is complied with.

Alderman Gatsas asked, Kevin, are they in default of the loan originally.

Mr. Clougherty answered I am really not sure on that and I would like to talk to Tom as I said earlier.

Mr. Musgrave stated the initial objective of the process was to bring clarity to exactly what the partnership's obligations were. Given the formal amendment...I think we have two legal documents there. We have the original note, the amendment to the note, there is an important agreement with the City, which I call the letter agreement or the modification of the debt and then there is a passage of time before the partnership commences making a commitment of as much as it can out of its cash flow. There is a huge uncertainty about the exact repayment terms of this debt. Is it in default? It probably is in default and was in default years ago but one thing that is crystal clear is there is great uncertainty as to what the current status of that debt instrument is given the modifications and I have been encouraging my clients to try to bring clarity to that issue and one approach to that was to come with a proposal. We knew that there was uncertainty as to the obligations exactly. We didn't know what the City was expecting to be done. We didn't know what was going to be done. There was a point in time coming when

arguably the property was going to be valued and the equity component feature of the initial debt was going to become due. It wasn't clear given the amendment and the letter agreement whether or not there was an extension of that time period. I think there is a whole bunch of issues related to the exact legal status of that debt instrument and rather than try to come to grips with those because we are not attorneys, Kevin suggested that we come with a proposal to move forward from where we are at with a restructuring plan and that is what we have tried to present is something to deal with the uncertainty inherent in the amendments and the letter agreement and fix the amount of the obligation going forward and provide for interest. The way I looked at the modifications of the debt instrument is we are agreeing to continue to pay 3% interest on the initial \$1,250,000. Yes, it is over a longer period of time but that has been the consequence of poor cash flow. The equity feature of the note we are agreeing to value today by taking half of the value of the property and we are taking half of the value of the property and agreeing to pay that over time with interest as well at 3%. I suppose that if that equity value may or may not exceed the 3% that the partnership is offering to pay as interest one can only guess at what the future of the real estate market might be when that debt actually becomes due.

Chairman O'Neil stated I guess I don't look at this as restructuring, I look at this as starting all over and forgetting about the past 17 years.

Alderman Wihby asked, Kevin, do you get operating statements from them on an ongoing basis.

Mr. Musgrave answered it is my understanding that the partnership has mailed a copy to the City every year. When we started this process we provided a package of documents with, I think, financial statements back to 1996.

Alderman Wihby asked so on an ongoing basis you are sending them to us. Are you getting those Kevin?

Mr. Clougherty answered we have gotten the package but...

Alderman Wihby interjected before the package. Two years ago did you get an operating statement?

Mr. Clougherty responded my recollection is that we didn't have them and that is why we asked for them.

Mr. MacKenzie stated for the past five years we have gotten annual statements and the program income comes in through our office and then is reprogrammed for

other projects through the CIP process. We have gotten them for the past five years.

Alderman Wihby asked how do you record them.

Mr. MacKenzie answered that was handled previously by the City Coordinator but I believe the income was coming in through the CIP program and then reprogrammed by the Board.

Alderman Wihby replied I am talking about the operating statement. Did you get a copy of that or just the income?

Mr. MacKenzie responded we got both over the last four years.

Alderman Wihby asked you got the operating statement in the past four years and you are checking them to make sure everything is right or are you just keeping them. What do you do with them? Do you review them to make sure the numbers are right and we are getting our money?

Mr. MacKenzie answered we make sure that the money coming in is equal to the agreements that we have with the City and over the last four years it has been.

Alderman Wihby asked how about what is being spent. Do you care about that?

Mr. MacKenzie answered we have noticed, for example, that a lot of money has been going into the capital reserve but in some respects that is good. The building is going to be 20 years old in a while and we are going to have to replace the roof and stuff. It is a little higher than we would have anticipated, but otherwise the management fees are consistent with the original agreement. It is not a high management fee.

Alderman Wihby asked isn't it true that the more money they put in the capital reserve the City is paying part of that too after that. Isn't the advantage to put more money into capital reserve so there is less profit to spend so that when they own the building down the line they have all of that money in capital reserve.

Mr. MacKenzie answered I guess I would argue that perhaps half of that money in the capital reserve is value to the City. The City, I believe, is an equity partner in this project and perhaps half of the money in the capital reserve would go to the City.

Alderman Gatsas asked have you been getting \$100,000 a year for the last four years.

Mr. MacKenzie answered yes.

Alderman Gatsas asked what project has that gone out to.

Mr. MacKenzie answered that comes in as program income and every year you do a capital budget, for example, we get HUD monies of about \$2.2 million and program income of about \$180,000 so that is a large chunk of it. All of the projects that you program utilize some portion of that money that comes back.

Alderman Gatsas asked so you don't know about the money from 1984 until five years ago.

Mr. MacKenzie answered I am not personally familiar with it. I can check with the staff who were with the CIP Program before.

Alderman Lopez asked, Mr. MacKenzie, do you handle all projects of income and contracts with all City owned...well not City owned buildings but contracts that we have where there is income.

Mr. MacKenzie answered no we do not.

Alderman Lopez asked you just handle this one.

Mr. MacKenzie answered there are a couple of other projects that were original HUD funded that we do handle because we have to monitor and report to HUD on how that money is used. Eastgate Apartments, for example, HUD money was used. The money comes back and this Board reprograms that money for other projects. Any projects that were in any way federally funded we do track those because we have to report to HUD.

Alderman Lopez asked, Kevin, any agreement that the City gets into the Finance Officer controls them to make sure we are getting our fair share.

Mr. Clougherty answered we don't have central contract administration. That is something that we would like to implement. We have, on occasion, had to go hunting for some of those. I know that Jay does some and we have done some over time. Part of the problem, I think, when the Coordinator left was there was a bit of a gap there so we had to go back and reconstruct some of those.

Alderman Lopez asked don't you think as the Chief Finance Officer that if we have an agreement and we are due money that you should make sure we get that money.

Mr. Clougherty answered yes.

Alderman Wihby stated this is the same type of thing we ran into regarding the parking garage lease thing. Nobody was watching it.

Chairman O'Neil called for a vote on the motion to deny the request and have the Finance officer review the loan to see if Lowell Terrace Associates is in default and report back to the full Board. The motion carried.

Mr. Clougherty asked can I just ask for some clarification as to where we will go from here.

Deputy Clerk Johnson answered the motion that I have recorded indicates that you are supposed to be reviewing it for default and reporting to the Board. I think that is where you should begin. It will go to the Board as part of the recommendation so perhaps you could provide the report to the Clerk's office and we will include it with the CIP report.

Chairman O'Neil addressed Item 11 of the agenda:

Petition by the State of New Hampshire for the discontinuance of Old Granite Street right-of-way between School and Granite Streets.

Deputy Clerk Johnson stated I think this may need a road hearing.

Chairman O'Neil stated I think the Lands and Buildings Committee already took some action on this.

Mr. Sheppard stated the City does not own all of the property. You can see in the attachment that the State actually owns a piece.

Alderman Cashin asked but the City owns the discontinued Second Street right.

Mr. Sheppard answered right.

Alderman Cashin asked and didn't the Board of Aldermen in a unanimous decision agree to sell that to the Rafael Club.

Mr. Sheppard answered I am not sure.

Chairman O'Neil stated I think so. It was the strip down the middle.

Mr. Sheppard replied we could table this and verify that.

Alderman Cashin moved to table this item.

Deputy Clerk Johnson stated what I am looking at here is a petition to discontinue it in the first place. If I am understanding this, it is still a public way.

Mr. Sheppard replied what they are saying is that Lands and Buildings had agreed to sell this to the Raphael Club.

Deputy Clerk Johnson stated it has to be discontinued before you could do that.

Alderman Cashin replied I am assuming that it has been discontinued. How could we sell it if it wasn't discontinued.

Deputy Clerk Johnson responded I think this needs to be researched with a report back to the Committee.

Mr. Sheppard stated the intent probably was to discontinue it in the future but when it was discontinued it was sold to the Raphael Club. We will work with the City Clerk's Office to investigate this.

Alderman Lopez duly seconded the motion to table.

Chairman O'Neil called for a vote. There being none opposed, the motion carried.

Chairman O'Neil addressed Item 12 of the agenda:

Petition for discontinuance of portions of Belair and Gerard Streets.

On motion of Alderman Wihby, duly seconded by Alderman Cashin, it was voted to recommend that Belair and Gerard Streets, having never been opened, built, nor used for public travel have been released from public servitude pursuant to RSA 231:51.

Chairman O'Neil addressed Item 13 of the agenda:

Petition to discontinue portions of Faltin, Lingard, Upton and Loring Streets for shopping center project off of South Willow Street.

On motion of Alderman Wihby, duly seconded by Alderman Cashin, it was voted to refer this to a Road Hearing.

Chairman O'Neil asked when might that be.

Deputy Clerk Johnson answered we have to send out notices to abutters under certified mail so it won't be until January sometime following action of the Board. It is also my understanding that there are still houses on some of that property off of those streets so there may be conditions that will have to be put on the discontinuance as well. We will get clarification on that through Planning.

Chairman O'Neil addressed Item 14 of the agenda:

Request from Jean Stearns of 40 Danforth Circle for a sewer abatement of \$260-\$270 due to three successive leaks in the lawn sprinkler system.

On motion of Alderman Wihby, duly seconded by Alderman Cashin, it was voted to approve the abatement in the amount of \$221.65.

Chairman O'Neil addressed Item 15 of the agenda:

Communication from the Deputy Public Works Director requesting to purchase and register a trailer to transport a Bobcat loader for an approximate cost of \$2,900.

On motion of Alderman Wihby, duly seconded by Alderman Lopez, it was voted to approve this request.

Chairman O'Neil asked, Kevin, when you have time can you find out why plates are such a big deal in this City.

Mr. Sheppard answered I believe that one time this Committee did not want to expand the number of vehicles in the City so they chose to have every new vehicle come before the Committee.

Chairman O'Neil asked so we are holding the departments back from moving forward.

Alderman Cashin answered no you are holding them from buying too many vehicles.

Chairman O'Neil addressed Item 16 of this agenda:

Communication from Manchester Emergency Housing, Inc. submitting a 2002 CIP Projects status report requesting that the Cash Project purpose be changed from day care to operational expenses.

Alderman Lopez asked what is the bottom line here. How much money do you have left?

Mr. Jeff Michelsen answered there are three appropriations. We have used most of the CDBG funding for the new roof and the siding that I mentioned in my communication so there is about \$3,000 left there. The ESG monies I will continue to pull that down over the balance of the fiscal year but I don't anticipate using much more than \$5,000 or \$6,000. As I said in my communication, the respite daycare, I just wasn't aware of how that had worked in the past. I found that it was just impossible to use that money. Even though the emergency shelter has become more transitional in nature and people are staying longer, it is really difficult logistically to match the people up with that service.

Alderman Lopez asked how much cash do you have left.

Mr. Michelsen asked in which account.

Chairman O'Neil stated he had \$10,000 in cash.

Mr. Michelsen replied right. I believe in the past the records that I did have, which didn't amount to much, in a cycle two years back that money was not drawn down but at the end of the cycle it was transferred en masse into the account. I believe that was an \$8,600 CIP appropriation for the same thing.

Alderman Lopez asked so you want to transfer all of this into the operating budget.

Mr. Michelsen answered that is what I would like to do.

Alderman Lopez asked are we having problems with the operating budget.

Mr. Michelsen answered we are struggling. I think my City support amounts to between \$30 and \$40 a night. That is what I am getting to house families. I get about \$47/day from the State. That is it.

Alderman Lopez stated I know you have been doing a good job since you have been there. Have you communicated with the new Welfare Commissioner?

Mr. Michelsen replied yes. I have been working with Paul where we have looked at the proposed overflow shelter facility. I guess we are going to talk about that next Tuesday. I have been working with Commissioner-Elect Martineau trying to give him a report on my agency, what has existed in the past, what the problems

are and what the strengths are. My biggest wish is that I had greater capacity in the shelter. I can only help seven, eight or nine families and that is it. Unless we figure out a way to get a bigger facility, which may be part of the debate that is going to follow with the whole Welfare budget right now...that money is going to...in the last two years the CIP funding has really improved that building. There is very little that needs to be done there. It basically can serve eight families with few problems. There are no emergencies pending. I am working on the new CIP request, which I thought was helpful. The two-year cycle is going to be helpful to me. I understand the process better now. I won't be asking for a great deal of CDBG money in the next year because most of the work is done. It will simply be an operational type thing.

Alderman Lopez asked where is the building.

Mr. Michelsen answered on Liberty Street. I have invited the Aldermen to come and visit before. I know that a couple have. During the election cycle I had both Commissioner-Elect Martineau and Carlos Gonzalez come over to see that in terms of assisting families this is the way you want to go because you have staff and you can see what is going on and you can observe that the children are being treated correctly. They can cook rather than walk down to McDonalds every night from their motel for dinner and it really is cost-effective. It is between \$30 and \$40 a night in City money. We have had some success stories there with people who have moved up and out and we don't see them anymore which is the goal.

Alderman Lopez asked, Mr. MacKenzie, can we do this. Can we use the money for operating expenses?

Mr. MacKenzie answered most of this money is cash and yes, the Board, can concur with the change in purpose for a CIP account. We have not seen this particular request. He mentioned CDBG. I think that can be used for operational. I would just like to confirm that with the staff, but I presume that it is usable.

Chairman O'Neil asked, Jeff, all you are asking for is the cash grant portion. You are not requesting any of the CDBG or the ESG money right?

Mr. Michelsen answered I just won't be able to use that for daycare as much as down the road in my memorandum I did say that it is a good idea in theory but very difficult to put into play. Unless I can transfer the use of that, I won't be able to use it at all for daycare purposes.

Alderman Lopez asked is that part of the deficit of the total Welfare Department or just yours.

Mr. Michelsen answered I am funded on a monthly basis from the Welfare Department. That is the biggest funding source for the shelter – probably 60% or better. Unfortunately, I have been unable to write the grant proposals and things that I thought I would be doing early on when I was hired. I thought I would be writing grants and raising funds and I found myself bogged down in operations for two years just trying to figure out what had happened before and where we could go with this place. It is finally now running that I am not getting paged every night of the week and being called to come in on an emergency. It is basically running itself with the staff people right now.

Alderman Lopez asked but you are on target with your operating budget for that building, correct.

Mr. Michelsen answered yes. It is always tough. There is no extra money whatsoever.

Alderman Lopez asked so with the shortage we have in the Welfare Department and what we did tonight...

Mr. Michelsen interjected I am working on that right now. Actually that agency never had a budget...it was a Stone Age budget. I had our first financial audit done since 1997. We did our financial audit for 2000 and 2001 and did an audited financial statement and the Board has authorized Quick Book so now I work with the Quick Book system to maintain the budget. The budget before was in never never land. Nobody knew where the numbers were.

Alderman Lopez responded I know you are doing a good job over there but the question I have is if we approve this the money goes to the Welfare Department at this time and not directly to you.

Mr. Michelsen stated that money would typically come directly to me.

Alderman Cashin stated I know that you are doing a good job but I have a problem. This money was allocated for a homeless daycare for children and you can't use it. Theoretically, it should be returned to the City and the City should reallocate it if, in fact, they decide to do it. I am not too sure whether the City wants to get involved in paying salaries in any project.

Mr. Michelsen replied they do now out of the Welfare budget.

Alderman Cashin responded but that is the Welfare budget, not CIP. I am not sure. Are we going to start having departments decide that if they can't use it they are going to transfer it? Shouldn't it come back here, Bob?

Mr. MacKenzie replied it is coming back to the Committee. Departments frequently, when they know they will not utilize all of the funds, they would normally get first dibs in seeing if they could use the money for something else.

Alderman Cashin responded of course they can use it for something else. I don't blame them.

Mr. MacKenzie stated they do have to come back to this Committee and the full Board to change the purpose and that is what they are doing here.

Alderman Cashin stated but here we are cutting out \$150,000 from CIP funding and here is \$10,000 that he can't use. I hate to be the hard guy but doesn't it make sense...

Mr. Michelsen interjected I do need it. It is not that I can't use it.

Alderman Cashin stated but you can't use it for what it is intended for.

Mr. Michelsen replied right and as I said in my communication, had I understood better at the time...at the time I was on board about 10 months when I put this proposal together and had no assistance and I never would have asked for respite daycare. I would have asked originally for some other category that was usable. I did find in the records that I managed to dig out that they had a similar case of this in the past when there was an \$8,600 appropriation for FY00 that was respite daycare and it was not used and transferred at the end of the cycle.

Deputy Clerk Johnson stated I have been reviewing the Welfare situation at the Mayor's request as you know and Leo and I actually started working on a physical report to submit tomorrow. One of the items and I have not spoken with Mr. Michelsen but the emergency housing when it was established many years ago and this was prior to when he came aboard over there, was actually an emergency housing facility that was utilized by City Welfare exclusively. That is not the case these days as I understand it. City Welfare is utilizing or paying for the use of it but they are not the only users of that facility. The \$10,000 cash, I guess, at this point you may want to consider just holding aside and perhaps we could take this into account with the Welfare situation we are looking at and the upcoming request. I know there is a request coming into the Board for \$26,000 on Tuesday evening for emergency housing purposes that came in via the mail today. My suggestion to the Committee is to hold off on this until you have all your information. I am not a policy maker and it is going to be your decision as to what you do. I don't know what the financial status of MEH is. I don't know what

their funding resources are totally but I could certainly sit down and speak with Jeff if the Committee would like.

Chairman O'Neil asked, Jeff, your intent was to do respite daycare for homeless children and it has been a more difficult process than you once thought. You have not committed this money or taken money from other places to...?

Mr. Michelsen answered no. I have not provided any daycare for children in this fiscal year.

Chairman O'Neil asked so if this money was moved somewhere else it would not create a hardship for you.

Mr. Michelsen answered no. I would add to that I don't disagree with what Carol said about looking at the total picture there. I had an audit from the State Homeless Office just last week and the squeeze was on to make sure that we accept people from around the State because we get State ESG money of about \$17,000 a year or \$48/day. The State Homeless Office is saying well you have to make these rooms available to anyone who shows up at any time. My answer is I always do but the fact is when someone moves out and there is an empty room, I immediately call City Welfare and that room gets filled. We almost never have an opening in that shelter. There are only eight families yet the State is saying well we want to reserve a room for people that may be coming from somewhere else in the State, which makes no sense. Why keep an empty room when we have people in motels and hotels?

Alderman Wihby asked why would they tell you that you have to house someone from somewhere else in the State.

Mr. Michelsen answered I make the point to the Homeless Office that people come into Manchester from around the State whether they are directed here or pushed here. I get phone calls all the time from other communities saying do you have an opening and I instruct people no, by State law you go to your local community and they will help you or they will send you to the police or the police will send you to the Town Selectmen, etc. There is that intent to reside. If people show up in Manchester and say it is my intent to reside here, therefore, you have to help us.

On motion of Alderman Wihby, duly seconded by Alderman Lopez, it was voted to table this item.

TABLED ITEMS

18. Communication from Ronald E. Ludwig, Director of Parks, Recreation & Cemetery regarding the Derryfield Park – UPARR Grant.

On motion of Alderman Lopez, duly seconded by Alderman Wihby it was voted to remove this item from the table.

Chairman O'Neil asked are we in a position tonight to make a recommendation on this item.

Alderman Gatsas stated I think that during the original CIP process because Derryfield Park was eligible for that grant I agreed to take a second position on the \$1.4 million because we could get funding through the grant of \$550,000 for the \$150,000 we were putting up. I guess through the so-called communications that were given to us, which I never saw, we were told that the most the grant was going to be was \$100,000. So we still have \$150,000. I believe what we talked about was to do at least...we talked about doing the playground area, new tennis courts because they are absolutely gone and need paving. The total cost, I believe Mr. Ludwig, was somewhere around \$500,000 or \$600,000.

Mr. Ludwig replied correct.

Alderman Gatsas stated and we have \$150,000 now. There is no swing or anything left in the playground. All of the equipment has been removed. In speaking with Mr. MacKenzie, he thought there may be some funds that we could find to at least get the playground started and ordered so that it could be up in the Spring, which is probably another \$50,000 to \$75,000 to at least do that area and then we could look at the CIP projects for what they have next year.

Chairman O'Neil asked what is the \$150,000 going for.

Alderman Gatsas answered it would go towards the swingsets and the actual...there is no reason for us to do a study because I think to spend \$25,000 on somebody coming in and laying it out doesn't make much sense because they already know what they are doing here.

Chairman O'Neil asked so your priority is to do the swingset.

Alderman Gatsas answered I think the whole area has to be done so we are talking about a total commitment of somewhere around \$550,000 of which we have \$150,000 now. I am saying that to complete the playground is about \$225,000. It would be a mix between Livingston and Pine Island Park.

Chairman O'Neil asked those were \$275,000.

Alderman Gatsas answered \$200,000 at Livingston and \$175,000 at Pine Island. My recommendation would be if we could find...Mr. MacKenzie said he might be able to dig up some money in some old projects.

Alderman Lopez asked where are you getting the \$150,000.

Chairman O'Neil answered we transferred that in earlier this evening. That was the original match. So your recommendation is to put the \$150,000 towards the playground at the location it was at.

Alderman Gatsas replied no they are going to move it to another location so they can move the tennis courts to an area that they showed us on the site plan when they first came in here and parking.

Chairman O'Neil asked why are we moving the tennis courts.

Alderman Gatsas replied I think from an accessibility point it would be better for the swingsets and the playground equipment to be at the top and the tennis courts to be down towards Reservoir Avenue and the parking be conducive so that it can also be used for the softball field and the soccer field that are on the other side of...

Chairman O'Neil interjected so where is the parking going.

Alderman Gatsas replied it would be moved down towards the Reservoir Avenue area.

Chairman O'Neil asked we are taking some of the existing land and making parking lots out of it or are you talking about the parking lot that is near the clubhouse for the softball down on Reservoir Avenue.

Mr. Ludwig answered without the use and I didn't really speak to the need to spend money on a Master Plan. My feeling is that the baseball diamond pretty much sets up the way the park is going to be given we are not going to reorient the baseball diamond at Derryfield. Having said that, we took a look at where the playground was and it no longer exists on the backside of Reservoir Avenue. We took a look at the tennis courts that are in deplorable condition and really beyond saving. We took a look at the parking lot next to the tennis court that has a trailer in it that we used for some track events which is sinking and said given what we know about the placement of playgrounds today we would like to bring them to the forefront of the park more so than put them in the rear where they are subject to vandalism. Parents bringing children to the playgrounds would rather see the

playground fronted on the street area so that it is visible. We would propose relocating the playground or what was left from the rear to the front of the tennis court area.

Chairman O'Neil asked where the existing parking is now.

Mr. Ludwig answered no there is no parking there. If you went into the park and took a left, the tennis courts would be on your right a little bit and we would locate the playground in that area.

Chairman O'Neil asked where the tennis courts are.

Mr. Ludwig answered south of the tennis courts.

Chairman O'Neil asked where the monument is and that.

Mr. Ludwig answered no on the other side of the street. There is a sufficient area in there.

Alderman Lopez asked near the gazebo.

Mr. Ludwig answered no.

Chairman O'Neil stated I have no problem with this, but I would like to see it. Can we table this until next month so we can see where the parking and everything is going?

Alderman Gatsas replied I have no problem with that and maybe Mr. MacKenzie can find the additional money by then.

Chairman O'Neil asked has somebody drawn this stuff up.

Mr. Ludwig answered we have in-house done some conceptals but we could come in with something that better identifies it for you.

Chairman O'Neil stated I would like to see this. I have no problem moving forward. It is unfortunate that there isn't a playground there and I applaud you, Alderman Gatsas, for fighting for that. I would just like to see where everything is going. Is another month going to kill you.

On motion of Alderman Cashin, duly seconded by Alderman Wihby, it was voted to put this item back on the table.

Alderman Lopez stated I just want to clarify something in my own mind before you table this. The \$150,000 from Hackett Hill going into your \$1,340,000...that \$150,000 is that the only thing you are going to use at Derryfield Park or are you going to have more money from someplace else? You are not going to hurt any other projects?

Alderman Gatsas replied no.

19. Copy of a communication from the Deputy Finance Officer to Alderman Gatsas relative to funding options for Millyard parking facilities.

This item remained on the table.

20. Copy of a communication from the Deputy Director of Parks, Recreation & Cemetery to Ms. Georgie Reagan relative to the establishment of a Visitor's Center at Veteran's Park.

This item remained on the table.

NEW BUSINESS

Chairman O'Neil stated I have three quick things under new business. I would ask Ken Edwards of the Housing and Redevelopment Authority to please come forward.

Mr. Ken Edwards stated I apologize for the short notice on this issue but an opportunity arose which I found out about this afternoon and asked Sam Maranto and the Chairman to bring to your attention. Last year, through the CIP process the Housing Authority was awarded \$275,000 to complete the street and sidewalk reconstruction throughout Elmwood Gardens. We had originally intended to contract that work out and the Highway Department was able to fit it into their schedule. They have now completed that project at a total cost of \$120,000. There is \$155,000 left in the budget. The City also has a contract underway right now through EPD separating storm drainage from sewer on Kimball Street in our Kelley Falls Development. Their contract calls for approximately 75% to 80% of the street to be reconstructed during the installation of the new drainage and sewer system. I have been talking with Tom Seigle who has talked with the contractor. It is a unit price contract. We could add the balance of the street reconstruction and sidewalk work throughout Kelley Falls for approximately \$50,000. The urgency is that the contractor is working and the weather is permitting and he is grinding pavement daily. He would obviously, if he is going to do this, like to continue. Our request would be for the Committee to consider transferring

\$50,000 from Elmwood Gardens to Kelley Falls so we could take advantage of this.

Alderman Wihby asked what are the conditions of those units. I know we fixed them up awhile back. Are we still taking care of them or are they run down or what?

Mr. Edwards answered Kelley Falls is fully occupied and in excellent condition. Management is on-site in that development.

Alderman Wihby asked and these roads would be the roads that are in there.

Mr. Edwards answered public streets and sidewalks on Kimball Street.

Alderman Wihby asked don't they have sidewalks now.

Mr. Edwards answered yes and they have been the subject of CIP requests for funding over the last four or five years. We are talking about reconstruction.

Alderman Wihby asked but they are taking care of the units that people are living in and the problems that we had a long time ago are gone.

Mr. Edwards answered yes.

Alderman Lopez stated I delivered mail there for 14 years and they are taken care of their units.

On motion of Alderman Cashin, duly seconded by Alderman Wihby it was voted to approve the request to transfer \$50,000 from the CIP Elmwood Gardens project to the CIP Kelley Falls project.

Chairman O'Neil stated we have another budget authorization with regard to the School Capital Improvement Project.

Mr. MacKenzie replied I do not have a lot of information. I got a note from the Mayor today asking that based upon agreements between the School District and the City that they ask that the School Capital Improvement Program be revised to this amount. That is all the information I got from the Mayor today. He did ask that I process it and forward it to the Committee.

Alderman Wihby asked what are we using the money for.

Mr. MacKenzie answered I see that Kevin Sheppard is looking a little perplexed. Again, I am not sure. I got a note from the Mayor today indicating that there have been agreements and he and the Finance Director had reached some agreement on this FY01 School Capital Improvement Program as to how it would be handled from a financial standpoint. Given that it was today, I didn't have a chance to talk to Kevin Sheppard but this was the request of the Mayor and the Finance Director and I do not have any more information than that.

Chairman O'Neil asked, Kevin, can you clarify this.

Mr. Sheppard replied this is probably a better question for the Finance Department. I can tell you what I believe this is. There was \$1 million cash allocated in FY01 and there was a disagreement between the School District and the City as to who was going to be paying that \$1 million. The School District said it was not them and the City said it was. This is, I believe, how much we have spent. We spent X amount of money so the balance of that is going to be...

Alderman Wihby interjected I believe this was not exactly half so we ended up making \$55,000 in the deal or something. Do you remember that?

Mr. MacKenzie replied I remember those discussions but I don't quite understand what is happening here.

Alderman Wihby stated they didn't spend all of their money. They only spent some of it and so the deal was we were going to...I think we ended up making \$30,000 or \$60,000 or something. I remember Kevin explain it at some meeting we had.

Alderman Cashin asked, Kevin, was the work done. It says heating and ventilation improvements for West and Central High School. Was the work done?

Mr. Sheppard answered some of this work...West High School auditorium was completed and Central High School was \$100,000. Bottom line there is about \$300,000 or \$400,000 in projects that will not get done because the money is no longer there.

Alderman Lopez stated that is what they are saying that this is part of the agreement. Is it?

Mr. Sheppard replied I don't know.

Chairman O'Neil asked is there a need to act on this tonight, Bob.

Mr. MacKenzie replied again the note indicated some urgency but I am not comfortable explaining it at this point. Perhaps we could have the answer by the full Board meeting.

Deputy Clerk Johnson stated you can refer it out to the Finance Committee.

On motion of Alderman Cashin, duly seconded by Alderman Lopez, it was voted to refer this item to the Finance Committee.

Mr. Sheppard stated we received a call from the Finance Department basically informing us that the money is no longer available and they were shutting that account off. We explained to them that we had some contracts that we were obligated for so they allowed us to follow-through on those contracts.

Alderman Wihby stated I think they had an amount of money and spent some of it already. This is what was left over.

Alderman Cashin stated I wish Kevin Clougherty were here to explain this. Where does any department have the authority to shut anything off that has been approved by this Board? I don't understand that. Where does that come from?

Mr. MacKenzie replied I don't know.

Alderman Cashin asked what do the Aldermen do here, waste their time. They appropriate certain things for certain projects and know I am hearing tonight that somebody picks up the phone and tells somebody I am sorry but that is cut off and the Board doesn't know anything about it?

Chairman O'Neil asked, Bob and Kevin, could you get together with the Mayor and the Finance Officer to figure out what the intent is here and report to the Board on Tuesday night.

Chairman O'Neil stated the last item has to do with a street discontinuance on Whittier Street.

Deputy Clerk Johnson stated the motion would be to recommend a finding that it has been released and discharged under RSA 231:51.

Alderman Wihby asked how did these people come in without them knowing.

Deputy Clerk Johnson answered Frank Thomas signed the letter.

Alderman Cashin stated there is one house on Whittier Street. That is not what we are talking about is it? Whittier Street runs down behind the properties. It looks to me like you are just discontinuing a paper street behind the property.

Mr. Sheppard replied from reading this it is a portion of Whittier Street.

On motion of Alderman Cashin, duly seconded by Alderman Wihby, it was voted to recommend that a portion of Whittier Street, having never been opened, built, nor used for public travel have been released from public servitude pursuant to RSA 231:51.

There being no further business, on motion of Alderman Wihby, duly seconded by Alderman Cashin, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee